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AGENDA

FOR THE

CIA CAREER COUNCIL

12th Meeting, Friday, 9 September 1955, at 3:00 P. M.
DCI Conference Room, Administration Building

- ✓ 1. Minutes of the 11th Meeting; (attached) for approval. *approved*
2. Revised concerning selection of candidates to senior schools of the Department of Defense; (attached) for information.
3. Revised Staff Study, "Intelligence Decorations", dated 23 August 1955, (attached) for approval.
4. Proposed Legislative Program and its relation to the program recommended by the Council and approved in principle by the Director in 1954; (attached) for consideration.
5. Analysis of Retirement Bill Proposed by Civil Service Commission, (Kaplan Bill), with special reference to CIA Retirement Proposal; (attached) for consideration.

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MINUTES
OF THE
CIA CAREER COUNCIL

11th Meeting, Wednesday, 13 July 1955, at 4:00 P. M.
DCI Conference Room, Administration Building

Present: Harrison G. Reynolds, D/Pers, Chairman
Robert Amory Jr., DD/I, Member
Matthew Baird, DTR, Member

[redacted]
Richard Helms, COP-DD/P, Alt. for DD/P, Member

[redacted]
Lawrence K. White, DD/S, Member

Sheffield Edwards, D/S, Guest

[redacted] DC Guest
Executive Secretary
Reporter

(Note: Mr. White was able to attend only a portion of the meeting.)

1. The minutes of the 10th Meeting of the CIA Career Council were approved as distributed.

2. The Chairman presented the second item on the agenda, "Selection for Attendance at those External Training Facilities Requiring Approval by the DCI". The Chairman suggested that consideration be given to the appointment of a committee to screen the candidates who apply, or are nominated by the three major components, to attend those service schools or colleges with respect to which a fixed quota has been allotted to the Agency. It was decided to establish such a committee composed of a representative from the Office of Training, Office of Personnel, Deputy Director (Plans), Deputy Director (Intelligence), and Deputy Director (Support). Recommendations of this committee would be presented to the Council for its consideration. The Council would then forward the names of the nominees to the Director for his approval. It was decided that Notice [redacted] would be revised to put this procedure into effect.

25X1A9A 3. The Council considered item three on the agenda and approved the application of [redacted] for attendance at the Armed Forces Staff College.

4. The fourth item on the agenda, the proposed revision of [redacted] "The Career Staff of the Central Intelligence Agency", was approved after insertion of a slight change recommended by the Director of Security.

S-E-C-R-E-T

5. The Council concurred in the nominations of members and alternates of the CIA Selection Board for Fiscal Year 1956 (item five on the agenda), and agreed that the Director be asked to appoint them. They were as follows:

Members

Alternates

Harrison G. Reynolds, permanent member
Matthew Baird
[redacted]
Sherman Kent
[redacted]

[redacted]
James A. Garrison

[redacted]
Edward R. Saunders

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6. The sixth item on the agenda, the decisions of the DDCI on the two Honor Awards Staff Studies, was discussed in detail. It was agreed that Mr. Reynolds, [redacted] would seek an appointment with General Cabell to apprise him of some of the complexities and security problems involved in these matters.

[redacted]
the Office of Training. The proposed appointments were approved.

8. The revision of the Agency's Fitness Report was discussed. It was recommended that a Task Force consisting of the Executive Secretary, M [redacted] representing the DD/P, DD/I, and DD/S, be formed to confer with the Chief, Assessment and Evaluation Staff, Office of Training. The Task Force will present its recommendations and those [redacted] to the Council at the next meeting.

9. The meeting adjourned at 4:45 P. M.

[redacted]
Executive Secretary
CIA Career Council

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TRAINING
September 1955

TRAINING AT NON-CIA FACILITIES UNDER P. L. 110 (63 STAT. 208)

REQUIREMENT FOR FORWARDING APPLICATIONS FOR FIXED QUOTA SCHOOLS

Rescission: CIA Notice 9 March 1954

1. It is the policy of the Director of Central Intelligence that the Central Intelligence Agency will send to the senior schools and colleges of the Department of Defense, and to other educational institutions which he may designate and for which the Agency quota is fixed, only such Agency personnel who, on a competitive basis, have been determined to be the most qualified representatives of the Director and the Agency.

2. The following schools are in this category:

- a. National War College - Washington, D. C.
- b. Industrial College of the Armed Forces - Washington, D. C.
- c. Naval War College - Newport, Rhode Island
- d. Air War College - Maxwell Air Force Base, Alabama
- e. Army War College - Carlisle, Pennsylvania
- f. Armed Forces Staff College - Norfolk, Virginia
- g. Advanced Management Course at the Harvard University Graduate School of Business Administration - Cambridge, Massachusetts

3. Applications for enrollment in the colleges and schools listed above will be made by the individual on Form No. 51-133 in accordance with the provisions of Each application will be endorsed

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by the appropriate Deputy Director and forwarded to the Director of Training. The appropriate Deputy Director will recommend approval or disapproval of the application in his endorsement.

4. The Director of Training will establish and serve as chairman of a selection panel composed of the Director of Personnel and a designated representative of the Deputy Director (Intelligence) and of the Deputy Director (Plans), to be known as the Defense Colleges Selection Panel. The Panel will screen all applications, interview applicants when feasible and necessary, and nominate the principal and alternate candidates for each college to the CIA Career Council.

5. The CIA Career Council will review the nominations of the Defense Colleges Selection Panel and will recommend action to the Director of Central Intelligence. Final selection of candidates will be made by the Director of Central Intelligence.

6. The Director of Training will accomplish all actions required in processing successful candidates into the colleges and schools for which they have been selected.

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

L. K. WHITE
Deputy Director
(Support)

DISTRIBUTION: ALL EMPLOYEES

-2-

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POLICY ON HONOR AWARDS FOR INTELLIGENCE ACTIVITIES

BRIEF

The CIA Career Council at its 8th meeting on 31 March 1955, recommended to the Director a policy developed by the CIA Honor Awards Board. The Deputy Director requested clarification of the policy and also requested that the restatement of policy be considered by the Career Council. The attached Staff Study by the CIA Honor Awards Board, dated 23 August, reflects the suggestions of the Deputy Director. The double-columned "Proposed Revisions...." shows the differences between the policy originally recommended by the Council and that now presented for review.

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C O P Y

23 August 1955

TO: Director of Central Intelligence
SUBJECT: Staff Study on Intelligence Decorations

1. PROBLEM:

To establish policy regarding award by CIA of intelligence decorations to personnel of other U. S. Government Departments and Agencies.

2. FACTS BEARING ON THE PROBLEM:

- a. The purpose of most awards programs is recognition of outstanding performance. Such recognition usually includes public announcement and tangible evidence of the award.
- b. Within CIA recognition must be adjusted to security requirements. To accomplish this the four CIA decorations were created to recognize outstanding performance by CIA personnel in the intelligence field. The National Security Medal and the Medal of Freedom may also be awarded for such service in accordance with the governing Executive Orders.
- c. Military and Foreign Service personnel may also warrant recognition for service performed for CIA. For military personnel the practice of CIA has been to recommend to the parent service the award of a military decoration on the assumption that such decorations are of greater value career-wise for these personnel than are CIA decorations. Further, when such action is taken, public recognition presents a lesser security problem. A secure channel has been established to allow for oral presentations by CIA representatives to military awards boards.

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d.



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3. DISCUSSION:



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- c. The intelligence connotation attached to the National Security Medal would categorize it with CIA decorations in the situations outlined above. No such connotation is attached to the Medal of Freedom.
- 4. CONCLUSIONS:
 - a. That CIA Honor Awards are for outstanding service in the intelligence field and they are primarily intended, but not preclusively, for CIA personnel.
 - b. That the present method of usually recommending military decorations for military personnel detailed to CIA is sound.
 - c. That, as required, CIA develop liaison similar to that existing with the Department of Defense with other agencies for the purpose of obtaining recognition for personnel cooperating with (or detailed to) CIA.

C O P Y

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C O P Y

5. RECOMMENDATIONS:

- a. That it shall be the general policy of CIA to award CIA decorations for outstanding service in the intelligence field.
- b. That such service performed by personnel of other agencies in cooperation with or in support of CIA shall normally be recognized by a recommendation to the parent agency for the award of an appropriate decoration and that channels be established for such action. This does not preclude the granting of a CIA award to non-CIA personnel when this is deemed desirable.
- c. That CIA will not recommend awards of the National Security Medal to personnel of other government departments and agencies in those cases where the intelligence connotation would be damaging.


Vice Chairman,
CIA Honor Awards Board

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Concur:

Approve:

Chairman, CIA Career Council

Director of Central Intelligence

Date: _____

Date: _____

C O P Y

-3-

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Language of Original Study

Proposed New Language

- b. That such service performed by personnel of other agencies in cooperation with or in support of CIA shall be recognized by a recommendation to the parent agency for the award of an appropriate decoration and that channels be established for such action.
- c. That when action as outlined in b. is inadvisable, it shall be the policy to consider award of CIA decorations for outstanding service by personnel detailed to CIA (both military and civilian).

- b. That such service performed by personnel of other agencies in cooperation with or in support of CIA shall normally be recognized by a recommendation to the parent agency for the award of an appropriate decoration and that channels be established for such action. This does not preclude the granting of a CIA award to non-CIA personnel when this is deemed desirable.

c.

d.

. Omit entirely.

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BRIEF

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1. The CIA Career Service Board recommended a Legislative Program and the DCI approved it in principle. (See Staff Study dated 13 January 1954 contained in the bound copies of "Career Service Legislation".) (See Memo from DDCI to DD/A, dated 30 June 1954.)
2. An amplified Legislative Program has subsequently been prepared. (See Memo from Legislative Counsel to DD/S, dated 31 August 1955, contained in Item 4 of this Agenda.)
3. A comparison of the present and previous recommendations follows:

PRESENTLY PROPOSED AMENDMENTS
TO P.L. 110
(Item 4 of this Agenda)

PREVIOUSLY RECOMMENDED
LEGISLATION
("Career Service Legislation" dated
13 January 1954)

Section 1

Extension of certain benefits to overseas employees stationed in U.S. territories and possessions.

(Not generally considered, but specifically considered in connection with medical and educational benefits for dependents. See Tab A and Tab C of "Career Service Legislation").

Section 2

Authority to pay travel allowances for dependents to acquire education.
(see also Section 9 below)

See Tab C of "Career Service Legislation"

Section 3

Authority to order persons to the U.S. on home leave.

See Tab F of "Career Service Legislation"

Section 4

Extension of Foreign Service Home Leave Benefits to CIA overseas personnel.

See Tab F of "Career Service Legislation"

Section 5

Authority to pay travel expenses of overseas employees' dependents to nearest medical facility.

See Tab A of "Career Service Legislation"

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PRESENTLY PROPOSED AMENDMENTS
TO P.L. 110
(Item 4 of this Agenda)

PREVIOUSLY RECOMMENDED
LEGISLATION
("Career Service Legislation" dated
13 January 1954)

Section 6

Authority to pay costs of medical treatment for overseas dependents when illness or injury is related to duty or station of the employee.

See Tab A of "Career Service Legislation"

Section 7

Authority to conduct physical examinations and inoculations of dependents.

(not considered)

Section 8

Authority to extend certain overseas medical benefits to TDY personnel.

See Tab A of "Career Service Legislation"

Section 9

Permanent authority for allowances in P.L. 110, as amended rather than authority by reference to other legislation (Foreign Service Act, Overseas Allowances Act, etc).

(not considered)

Authority to pay allowances to provide elementary and secondary education for dependents.

See Tab C of "Career Service Legislation"

(see also Section 2 above)

Section 10

Authority to pay Death Gratuity of \$1,000.

See Tab B of "Career Service Legislation"

Section 11

Authority to employ more than the 15 retired military officers now permitted by P.L. 53.
Number yet to be determined.

(not considered)

*see new law
P.L. 239.*

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PRESENTLY PROPOSED AMENDMENTS
TO P.L. 110
(Item 4 of this Agenda)

PREVIOUSLY RECOMMENDED
LEGISLATION
("Career Service Legislation" dated
13 January 1954)

Section 12

Authority to make advance payments, especially of the "Key money" type.

(not considered)

Section 13

Correction of typographical error in P.L. 110.

(not considered)

Section 14

Authority for the DCI to appoint not more than 6 Deputy Directors, one of whom shall be the General Counsel, who shall be paid at rate prescribed by law for Assistant Secretaries.

(not considered)

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LIBERALIZED RETIREMENT

See Item 4 of this Agenda. The proposed legislation would not be a part of P.L. 110, as amended but would be contained within new government-wide legislation. (through additions to the so-called "Kaplan Bill")

See Tab D of "Career Service Legislation"

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MISSING PERSONS LEGISLATION

See paragraph 1 of Memo from Legislative Counsel to DD/S, dated 31 August 1955. (Item 4 of this Agenda). Legislation to be obtained through bill sponsored by the Department of Defense

See Tab G of "Career Service Legislation"

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*promotion
while missing*

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PERFORMANCE RATING

The required legislation has been obtained. (A revised Fitness Report will be reviewed by the CIA Career Council at its next meeting.)

See Tab E of "Career Service Legislation"

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C-O-N-F-I-D-E-N-T-I-A-L

31 August 1955

Memorandum for: Deputy Director/Support
Subject: Proposed CIA Legislation

1. In 1954 the CIA Career Service Board made certain recommendations for the development of a career service in CIA. Of the recommendations made in this connection, that concerning job security of career employees and that concerning a civilian reserve program did not require legislation. The recommendation that CIA be exempted from the Performance Rating Act of 1950 has been accomplished by securing an exemption for CIA under Section 601(a) of P. L. 763 of the 83rd Congress. The recommendation that permanent Missing Persons legislation be secured to meet the continuing needs of the Agency is still in abeyance. The present Missing Persons Act has been extended to 1 July 1956 by P. L. 122 of the 84th Congress. A draft of permanent legislation in this field, prepared by the Department of Defense, has been pending for several years in the Bureau of the Budget and has now been cleared back to the Department of Defense with certain suggestions. It is intended that this draft will cover the needs of CIA and it will be available here in a few days for review.

2. The CIA Career Service Board recommended that legislation be secured liberalizing age and service credit requirements for Civil Service retirement. The entire retirement question was considered by the President's Committee on Retirement Policy for Federal Employees which submitted a voluminous report in 1954. As a result, a detailed bill on Federal employees' retirement has now been drafted and has been circulated to the various agencies of the Government for comment by the Bureau of the Budget. This bill is presently under study in the Offices of the General Counsel, Personnel and the Comptroller to see whether it adequately meets CIA's special needs, whether these needs can be met by suggested amendments to this draft, or whether it will be necessary to write special legislation into the CIA Act. The Career Council will consider this problem at its next meeting.

3. The remaining recommendations of the CIA Career Service Board dealt with limited medical benefits for dependents, death gratuities, educational allowances, and statutory home leave benefits. All of these benefits would require legislation, and a draft of such legislation is included herewith.

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4. On 21 June the DD/S held a meeting which included the Comptroller, the Director of Personnel, and the Acting General Counsel to consider an earlier draft of this proposed legislation. At that meeting it was determined, subject to the approval of the Director, that CIA should seek its own legislation on these matters, at least insofar as submitting it to the Bureau of the Budget was concerned, even though Government-wide legislation on the same point was in prospect or had already been submitted to the Congress. Particular reference was made to a statutory home leave bill presently pending in Congress and the proposed Overseas Allowances Act which has not yet been submitted.

5. In connection with legislation for educational allowances and for the transfer allowance secured by the Department of State in the Foreign Service Act Amendments of 1955, the Office of General Counsel felt that it would be preferable to write all of its allowance authorities into a revised Section 5(b) of the CIA Act of 1949 rather than to continue to incorporate by reference certain sections of the Foreign Service Act. This problem was highlighted by the Administration's suggested repeal of these particular sections of the Foreign Service Act in the proposed Overseas Allowances Act. This proposed revision of Section 5(b) is included in the attached legislation.

6. In addition to the recommendations of the CIA Career Service Board, we have also included drafts to cover certain other matters which need legislative attention which have been suggested by various components of the Agency. In addition, we have prepared detailed legislation covering procurement authorities which has been circulated separately.

7. It is requested that comments on this proposed legislation be returned to this office by close of business on 7 September.

/s/

Walter L. Pforzheimer
Legislative Counsel

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JUSTIFICATION

This proposed section will extend to CIA employees the same authorities granted to members of the Foreign Service of the United States by P.L. 22 of the 84th Congress. It will permit payment of one trip to the United States and return to his parent's post abroad during high school, and another during college. The financial and morale problems which this section attempts to allay are obvious, particularly for those employees with more than one child of school age. The section will permit a child of Agency personnel to receive an American education on the one hand and maintain his ties with his family on the other. The cost of the education and the remaining travel will, of course, be borne by the individual or his parents, over and above the post educational allowance.

Section 3. Section 5(a)(3)(A) of such Act is amended to read as follows:

"(3)(A) Order to the United States or its territories and possessions on leave of absence as provided by law, every officer and employee of the Agency who was a resident of the United States or its territories and possessions at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter."

JUSTIFICATION

This section is required to bring the present section in line with current enactments and remove obsolete references. This section is necessary as authority to order Agency personnel to the United States on home leave upon completion of two years' continuous service abroad. The code citations in Section 5(a)(3)(A) as presently in effect have been repealed by the Annual and Sick Leave Act of 1951, which also made it impossible to comply with the present proviso in Section 5(a)(3)(A) in regard to leave accrual.

- 2 -

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Section 4. Section 5(a)(3) of such Act is amended by inserting at the end thereof a new subsection "(D)" which shall read as follows:

"(D) The provisions of Section 203(f) of the Act of October 30, 1951, (65 Stat. 679; 5 U.S.C. 2062(f)), and as may hereafter be amended, shall be applicable to officers and employees of the Agency, and such officers and employees shall be subject to the limitations as to the accumulation of leave applicable to officers and employees in the Foreign Service of the United States under the Department of State as provided in Section 203(d) of the Act of October 30, 1951 (65 Stat. 679; 5 U.S.C. 2062(d)), and as may hereafter be amended."

JUSTIFICATION

This section will extend the statutory home leave provisions of the Annual and Sick Leave Act of 1951 to CIA employees stationed overseas. The statutory home leave provisions are applicable under present law to members of the Foreign Service and provide home leave at a rate equivalent to one week of home leave for each four months of service outside the United States in addition to the regular annual leave. Because of the grant of statutory home leave to members of the Foreign Service, the Annual and Sick Leave Act of 1951 provides a maximum accumulation of sixty days of annual leave for members of the Foreign Service, in lieu of the ninety days accumulation authorized for other Government personnel stationed overseas. It is felt that the limitation of accumulation applicable to those granted statutory home leave should also apply to CIA employees on foreign assignment.

- 3 -

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Section 5. Section 5(a)(5)(A) of such Act is amended to read as follows:

"(5)(A) In the event of illness or injury, incurred while on assignment outside the continental United States, requiring the hospitalization of an officer ~~or a member of the~~ *dependent* employee of the Agency or of a ~~member of the~~ *dependent* family accompanying such officer or employee on such assignment, not the result of vicious habits, intemperance, or misconduct on the part of such persons, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee, or ~~member of the family~~ *dependent*, by whatever means are considered appropriate and without regard to the Standardized Government Travel Regulations and Section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U.S.C. 736), to the nearest locality where a suitable hospital or clinic exists and on the recovery of such individual pay for the travel expenses of return to the post of duty of such officer or employee. If such officer or employee or ~~member of the family~~ *dependent* is too ill to travel unattended, the Agency may also pay the travel expenses of an attendant;"

dependent

JUSTIFICATION

The justification for this provision is contained in Tab A-2 of the Memorandum for the Director of Central Intelligence, Subject: Career Service Legislation, dated 13 January 1954.

- 4 -

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C-O-N-F-I-D-E-N-T-I-A-L

Section 6. Section 5(a)(5)(C) of such Act is amended to read as follows:

"(5)(C) In the event of illness or injury requiring the hospitalization, not the result of vicious habits, intemperance, or misconduct on the part of such persons, pay for the cost of treatment of such illness or injury at a suitable hospital or clinic, where such illness or injury is incurred --

- (i) in the line of duty by an officer or full time employee of the Agency while such person is assigned outside the continental United States, or
- (ii) by a ~~member of the family~~ accompanying such officer or employee on assignment outside the continental United States, where such illness or injury occurs through circumstances directly related to the duties or duty station of such officer or employee."

dependent

JUSTIFICATION

The justification for this provision is contained in Tab A-2 of the Memorandum for the Director of Central Intelligence, Subject: Career Service Legislation, dated 13 January 1954.

Section 7. Section 5(a)(5)(D) of such Act is amended by inserting "and their dependents" after the word "Agency" and again immediately before the period at the end of the Section.

- 5 -

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C-O-N-F-I-D-E-N-T-I-A-L

JUSTIFICATION

Section 5(a)(5)(D), as presently worded, grants substantially the same authorities providing physical examinations and inoculations to Agency employees as were granted to employees of the Foreign Service under Section 943 of the Foreign Service Act of 1946. Section 12 of the Foreign Service Act Amendments of 1955 extends these authorities to dependents of members of the Foreign Service, and the proposed amendment to Section 5(a)(5)(D) similarly extends CIA's authority in this connection to the dependents of its personnel. This is done in recognition of the practical and important consideration that health problems of the various members of an employee's family can have upon the employee's job performance and assignment. Pre-employment and preassignment examination of dependents could prevent many of these problems by avoiding the assignment of personnel with dependents who may become medical liabilities.

Section 8. Section 5(a) of such Act is amended by inserting at the end thereof a new subsection "(8)" which shall read as follows:

"(8) Subsections (5)(A), (5)(C), (5)(D), and (6) of this Section are also applicable to officers and employees of the Agency assigned to temporary duty outside the continental United States."

Line of duty is applicable to performance of duty

JUSTIFICATION

This new provision will allow the extension of certain medical benefits to CIA employees who are assigned abroad on temporary duty on the same basis as to those on permanent duty. The possibility of line of duty illness or injury is equal in both cases. It will also provide for the Agency to pay the cost of preparing and transporting the remains of a CIA employee who dies while on temporary duty status abroad, as is presently provided for those who die while on permanent duty overseas.

- 6 -

C-O-N-F-I-D-E-N-T-I-A-L

Section 9. Section 5(b) of such Act is amended by striking out all of the words of the section after the word "Agency" and inserting in lieu thereof the following:

"(1) allowances, wherever Government owned or rented quarters are not available, for living quarters, heat, light, water, fuel, gas, and electricity, including allowances for the cost of lodging at temporary quarters, incurred by an officer or employee of the Agency and the members of his family upon first arrival at a new post, for a period not in excess of three months after such first arrival or until the occupation of residence quarters, whichever period shall be shorter, up to but not in excess of the aggregate amount of the per diem that would be allowable to such officer or employee for himself and the members of his family for such period if they were in travel status;

(2) cost-of-living allowances, whenever--

(A) the cost of living at a post abroad is proportionately so high that an allowance is necessary to enable an officer or employee of the Agency at such post to carry on his work efficiently;

(B) extraordinary and necessary expenses, not otherwise compensated for, are incurred by an officer or employee of the Agency incident to the establishment of his residence at any post of assignment abroad or at a post of assignment in the continental United States between assignments to posts abroad;

(C) an allowance is necessary to assist an officer or employee of the Agency who is compelled by reason of dangerous, notably unhealthful, or excessively adverse living conditions at his post abroad or for the convenience of the Government to meet the additional expense of maintaining his wife and minor children elsewhere than in the country of his assignment;

(D) extraordinary and necessary expenses, not otherwise compensated for, must be incurred by an officer or employee of the Agency, by reason of his service abroad, in providing for adequate elementary and secondary education for his dependents; allowances under this subparagraph for any post shall not exceed the cost of obtaining such educational services as are ordinarily provided without charge by the public schools of the United States plus, in those cases where adequate schools are not available at the post, board and room, and periodic transportation between the post and the nearest locality where adequate schools are available; if any such officer or employee employs a less expensive method of providing such education, any allowance paid to him shall be reduced accordingly; no allowance shall be paid under this subparagraph for a dependent for whom a travel allowance has been paid under subsection 5(a)(1)(G);".

JUSTIFICATION

Originally sections 901(1) and 901(2) of the Foreign Service Act of 1946 were incorporated by reference into Section 5(b) of the Central Intelligence Agency Act of 1949. In order for CIA to take permanent advantage of the transfer and educational allowances granted to the Foreign Service by the amendments to Section 901(2) in the Foreign Service Act Amendments of 1955, it was felt that we would probably have to amend section 5(b) of the CIA Act. In addition, there is a possibility that the proposed Overseas Allowances Act will repeal Section 901 of the Foreign Service Act. Therefore, it is suggested that we write our own allowances authority into Section 5(b) of the Central Intelligence Agency Act of 1949. In doing so, we have generally followed the model of the Foreign Service Act rather than the proposed Overseas Allowances Act. This section includes the proposed educational allowance suggested by the Career Council, as well as the transfer allowance noted above. It has been determined not to recommend a representation allowance for CIA, but to continue to handle this problem as heretofore.

Section 10. Section 5 of such Act is amended by inserting at the end thereof a new subsection "(c)" which shall read as follows:

"(c)(1) Under such regulations as the Director may prescribe, the Agency shall pay the sum of \$1,000.00 as a death gratuity immediately upon official notification of the death of any officer or employee of the Agency: Provided, That such death is not the result of vicious habits, intemperance, or misconduct of the deceased. The payment of the death gratuity authorized by this subsection shall be in addition to such other benefits as the dependents or the estate of the deceased may be entitled under any other provision of law.

(2) The death gratuity authorized by this subsection shall be paid to or for the living survivor or survivors of the deceased officer or employee first listed below:

- (A) Surviving spouse.
- (B) Children (without regard to their age or marital status) in equal shares.
- (C) Any dependent or dependents of the deceased in equal shares.
- (D) Parents or brothers or sisters (including those of the half blood and those through adoption), when designated by the deceased.

(E) Parents in equal shares.

(F) Brothers and sisters (including those of the half blood and those through adoption) in equal shares.

(3) If a survivor dies before receiving the amount to which entitled under this subsection, such amount shall be paid to the then living survivor or survivors first listed under subsection (c)(2).

(4) The payments made under the provisions of this subsection shall not be assignable, shall be exempt from taxation, shall be exempt from the claims of creditors, including any claim of the United States (except as provided in Section 3 of the Act of August 12, 1935 (38 U.S.C., Sec. 454(a)), and shall not be subject to attachment, levy, or seizure by or under any legal or equitable process whatever either before or after receipt by the payee.

(5) (A) No certifying or disbursing officer shall be liable for any amounts erroneously paid or overpaid under this subsection to a surviving spouse or children in the absence of fraud, gross negligence, or criminality on the part of such officer.

(B) The Director may waive the recovery of any such erroneous payments or overpayments when such recovery would be against equity and good conscience.

(C) The Director shall have the right to determine cases of alleged misconduct or dependency for the purposes of payments under this subsection, and his determination of any matter pertaining to such payments shall be final and conclusive upon the accounting officers of the Government.

JUSTIFICATION

This provision will authorize CIA to pay a death gratuity of \$1,000 to the survivor of an Agency employee, immediately upon official notification of death. The gratuity will not be paid if the death was due to the misconduct of the deceased. Because this payment will be contingent solely upon death, it should be in addition to, and not an alternative to, such other benefits as the dependents or the estate of the decedent may be entitled under any other provisions of law.

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The need for such a payment arises from the unusual security requirements imposed upon Agency personnel, which in turn cause certain inequities to the survivors by causing delays in receiving the monetary benefits to which such survivors would normally be entitled.

Acquisition of existing death benefits, provided by the Civil Service Retirement Act of 1920, as amended, by the Federal Employees Compensation Act of 1916, as amended, and by commercial insurance, is contingent upon compliance with certain administrative requirements. The primary purpose of the Retirement Act is to supply a subsistence fund over a period of years, and not to alleviate the immediate financial burdens attendant upon the death of a breadwinner. The death gratuity is aimed at the latter. In normal Government employment, the facts and records necessary to effect fairly rapid payment of claims or benefits may be made available by the agencies concerned. In the case of CIA, security factors often cause inordinate but unavoidable delays to arise in the acquisition, processing, and review of data required to prove the claims. In some cases, the CIA employment is so sensitive, that it is impossible to substantiate the claims to the Civil Service Commission or Bureau of Employees' Compensation without jeopardizing intelligence sources. As a result, the survivors of CIA employees are often at a disadvantage, particularly during the period immediately following the employees' death, when ready cash is urgently needed to tide over current and accrued obligations and meet emergency needs.

A survey of CIA death cases in 1952-1953 indicates that the settlement of decedent's accounts with the Agency has taken from 1 to 10 months, with the average running approximately 3-1/2 months. These leave records and financial accounts must be settled before a claim for benefits may be submitted. Delays have been particularly apparent in connection with accounts which must be returned from overseas.

Precedent for the payment of death gratuities exists in the military services, which have been authorized to pay a death gratuity since 1908. This gratuity consists of an amount equal to six months' pay at the rate received by the officer or enlisted man at time of death.

During the past three years, approximately 18 employees have died each year. This would represent an average yearly cost of \$18,000 to the Agency. The cost of administering this program would be negligible, as death gratuity payments would involve a minimum of administrative procedures.

- 10 -

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Attention is invited to H.R. 7089, a bill to provide benefits for the survivors of servicemen and veterans, which passed the House on 13 July 1955 and is now pending in the Senate. Title III of this bill provides death gratuity benefits upon official notification of the death of a member of the uniformed service (including the Coast Guard, officers of the Coast and Geodetic Survey and the Public Health Service). The gratuity provided shall equal six months' basic pay (plus special and incentive pays) at the rate received by the deceased at death, but shall not be less than \$800 nor more than \$3,000.

H.R. 7089 provides that this payment will be paid in all death cases of members of the uniformed service except where death was the result of lawful punishment. The House Select Committee on Survivor Benefits studied these problems for almost two years. It concluded in its Report (No. 993, Part 1) that present limitations and standards of "line of duty", "willful misconduct", or "disease limitations" require a process of adjudication in each case, and that these requirements tend to cause delay in the payment of the death gratuity to survivors. In the interest of speeding up this emergency payment, the Committee has eliminated this phase of the adjudication process. It is recommended that CIA give consideration to following these precedents as to the amount of the payment and the waiver of requirements.

Section 11. Section 6(f)(1) of such Act is amended by striking out "fifteen" and inserting in lieu thereof the following: "_____".

JUSTIFICATION

This amendment is designed to raise the number of retired officer which, because of other statutory limitations, can be hired only through special statutory authorization from the present number of 15 to an as yet undetermined number. This number should be determined by the Office of Personnel after appropriate coordination.

See new law P.L. 239

Section 12. Section 6 of such Act is amended by the insertion of a semicolon in lieu of the period at the end of subsection "(f)" and by the addition of a new subsection "(g)" which shall read as follows:

"(g) Make payments without regard to section 3648 of the Revised Statutes (31 U.S.C. 529), when made—

(1) in compliance with the laws of foreign countries or their ministerial regulations, and

(2) for rent in such countries for such period as may be necessary to accord with local custom.

JUSTIFICATION

Section 3648 of the Revised Statutes provides that there shall be no advance of public money unless authorized by the appropriation concerned or by law, or by certain stated exceptions in Section 3648, which provides further that in contracts for the performance of services or the delivery of articles of any description for the use of the United States, payment shall not exceed the value of such service or article delivered previously to such payment. This provision works a hardship in certain foreign countries, whose laws or customs require advance payments, particularly of rent. Exceptions to this provision of law are granted for payments made for the Bureau of Customs in foreign countries (31 U.S.C. 529 b), for the enforcement of customs and narcotics laws (31 U. S. C. 529 f), the Office of Scientific Research and Development (31 U.S.C. 529 h), for advance payments of office rent in foreign countries by the Bureau of Foreign and Domestic Commerce, and in other instances. The CIA Comptroller requests that similar exemption be considered for the Agency.

Section 13. Section 10(a)(1) of such Act is amended by inserting "Chapter 171 of" immediately before "28 U.S.C."

JUSTIFICATION

This provision corrects a typographical error in Section 10 (a)(1) of the Central Intelligence Agency Act of 1949. The authority which was intended to be granted by this clause was the authority to pay claims under the Federal Tort Claims Act (Chapter 171), but the Chapter was omitted from the final printed versions of the bill as passed.

Section 114. Section 102(a) of the National Security Act of 1947, as amended, is amended by renumbering said section as "Section 102 (a)(1)" and by the addition of a subsection "(2)" which shall read as follows:

(2)(A) The Director of Central Intelligence is authorized to appoint not to exceed six Deputy Directors of the Central Intelligence Agency. Each such Deputy Director shall perform such functions as the Director of Central Intelligence may from time to time prescribe, and each shall receive compensation at the rate prescribed by law for Assistant Secretaries of executive departments.

(B) One of the Deputy Directors of the Central Intelligence Agency authorized to be appointed under subsection 2(A) of this section shall serve as the General Counsel of the Central Intelligence Agency and shall be the chief legal officer of the Agency.

(C) If a commissioned officer of the armed services is appointed to a position authorized by subsection 2(A) of this section, the provisions of Section 102(b) of the National Security Act of 1947, as amended, shall apply to such officer.

JUSTIFICATION

This provision would create six statutory Deputy Directors of the Central Intelligence Agency, in addition to the Director and Deputy Director of Central Intelligence. The latter positions are presently established under Section 102(a) of the National Security Act of 1947 and the compensation for such positions are contained in the Executive Pay Act of 1949, as amended.

It is the opinion of the General Counsel that these six positions, with compensation at the level of Assistant Secretaries of the executive departments, can be established without legislation under the Director's present statutory authorities. However, for policy reasons, it is being included in the present program for possible consideration of the Bureau of the Budget.

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ANALYSIS OF RETIREMENT BILL PROPOSED BY CIVIL SERVICE COMMISSION,
WITH SPECIAL REFERENCE TO CIA RETIREMENT PROPOSAL

1. Summary of Principal Changes to Retirement Act as Proposed by Bill

- a. The changes, embodied in the bill, constitute one of the most comprehensive proposals for revision of the Retirement Act since the inception of the system; yet, the bill is significant for what it does not contemplate changing as well as what it proposes to alter.
- (1) The bill does not substantially change the rules concerning the types of service which are creditable under the Retirement Act; the formulas for computing the amount of annuity benefits and the various ways in which an employee may retire.
- (a) Thus, an employee's annuity would still be computed as follows: (1) 1% of average salary (5 highest years) plus \$25 times years of service, (when the employee's average salary is under \$5000) or (2) 1½% of average salary times years of service (when his average salary is \$5000 or more).
- (b) The types of retirement with a right to an immediate annuity remain largely unchanged: i.e., age 62 and 5 or more years service; age 60 and 30 years service; age 55 and 30 years service (with a reduction in annuity for each year an employee is under 60); at any age with 25 years service if involuntarily separated (subject to a reduction in annuity for each year retiree is under age 60); disability (with 5 years service); and mandatory retirement at age 70.
- (2) In addition to the above principal elements of the retirement system, certain other facets of the existing retirement system would be preserved with relatively little, if any, change. These include (a) the guarantee that a retiree, or his beneficiary, will get back all retirement deductions in the form of a lump-sum, if not exhausted by annuity payments; (b) the current procedures for making deposits and redeposits; and (c) the arrangement for making voluntary contributions.
- b. The principal changes proposed in the Retirement Act by the bill are contained in Tab A. (The Tab does not include an analysis of the changes applicable to Congressional members and employees or changes which are of minor importance.) In summary, the major proposals are as follows:
- (1) All Federal employees would be subject to the Social Security Act and would be simultaneously removed from the Retirement Act,

unless expressly excluded, after acquiring 3 years of continuous service in the Government. Employees subject to the Retirement Act on 31 December 1955 would retain such coverage even though they had less than 3 years service, unless they separated for a period of 30 days or more (new proposal). See Sections 2, 30, and 31, Tab A.

- (2) Retirement deductions would consist of 3½% of the first \$4,200 and 6% of the remainder (in lieu of the current rate of 6%). See Section 4, Tab A.
- (3) An employee would be mandatorily separated at age 70, irrespective of his years of creditable service. Currently, retirement is compulsory when an employee reached age 70 if he has 15 years of service. The bill would liberalize, however, existing provisions concerning the reemployment of retirees, including those at this age level. See Section 5, Tab A.
- (4) FBI agents and other criminal investigators, henceforth would not be permitted to retire at age 50 unless their retirement is certified as being in the interest of the Government, rather than being for the personal interest of the employee concerned. See Section 6, Tab A.
- (5) One of the principal areas of proposed change involves the survivor benefits available to Federal employees. In part, greater benefits would be extended to the spouse by the dual coverage of employees under both Social Security and Civil Service retirement and, in part, by an increased liberalization of the survivor benefits provided under the Retirement Act. The essential elements of the proposed plan are as follows:
 - (a) A retiree with a right to an immediate annuity could elect a survivor benefit if he has 5 years service (15 years service is now required). See Section 9, Tab A.
 - (b) The benefit for surviving spouse would begin immediately upon the death of the retiree (under existing law, survivor annuity begins at age 50). See Section 10, Tab A.
 - (c) If an employee dies in the Federal service after 10 years of service, a survivor benefit would be payable to the widow or dependent widower immediately upon the death of the employee (currently, benefit is payable after employee acquires 5 years service; is payable only to a widow and the benefit does not commence until the survivor is age 50). Whereas Retirement Act now provides for termination of benefit upon remarriage, benefit would not be terminated for remarriage unless it occurred prior to the survivor becoming age 55. See Section 10, Tab A.

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- (d) Although the bill prescribes that a benefit would not be payable to the survivor of an employee who dies in the Federal service unless the employee has 10 years of service, there is a provision in the bill that would make the survivor eligible for Social Security benefits if the employee had over 5 but less than 10 years of service under the Retirement Act (new proposal). See Section 32, Tab A.
- (e) Surviving children would no longer be provided benefits under the Retirement Act; benefits would be payable under the Social Security program (new proposal). See Section 10, Tab A.
- (6) A minimum disability benefit would be guaranteed employees who retire for disability with 10 or more years of service (new proposal). See Section 9, Tab A.
- (7) At age 65, an employee's annuity would be reduced according to a prescribed formula if he were eligible for Social Security payments solely because of Government service. This provision would also apply to a spouse who obtained a survivor benefit as the result of an employee dying in the Federal service, after acquiring eligibility for Social Security payments solely because of Government service (new proposal). See Section 9 and 10, Tab A.
- (8) Employees would be entitled to obtain a refund regardless of the length of service (currently, a refund cannot be obtained after an employee acquires 20 years of service). See Section 11, Tab A.
- (9) Retired employees, age 60 and over, could be reemployed to serve at pleasure of employing agency (now, retiree must have special qualifications). See Section 13, Tab A.
- (10) Reemployed annuitants who serve at least one year, full time would receive a supplemental annuity based on the period of reemployment and salary earned. No deductions would be withheld. See Section 13, Tab A.

2. Comparison of Bill with CIA Proposal for Liberalized Retirement

- a. The proposed bill does not contain any provisions for accelerated accumulation of service credit or for lowering the age of retirement as contemplated by the CIA proposal for liberalized retirement (Tab B). The decision of the Civil Service Commission not to recommend a lower age requirement for retirement despite considerable public support, might have a bearing upon the disposition of the Administration to sanction special requests for legislation which would permit early retirement. It would also seem significant that the provisions governing early retirement of criminal investigators have been made more rigid.

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b. Also germane to this issue of accelerated retirement are the studies made and the views expressed by the Kaplan Committee and the White House Task Force on Overseas Personnel Management.

- (1) The Kaplan Committee has stated (Fifth Report, Retirement Policy for Federal Personnel) that it is conscious of the difficulties that overseas employment imposes on employees and their families and of the unique personnel problems which agencies experience in recruiting and maintaining an efficient staff. The Kaplan Committee remarked, however, that a formal personnel policy represents a sound approach to these problems and asserted that preferential treatment per se is not the best nor sole method of compensating employees for the disadvantages of overseas employment. Believing that the retirement system should not be used as a substitute for an adequate pay and allowance system, the Committee therefore concluded it would be undesirable to provide for a separate retirement system for overseas employees. According to the Committee, special benefits, wherever needed, should be provided within the Government's general retirement system. Appreciative of the study given to the subject by the White House Task Force, the Committee refrained from specific recommendations.
- (2) The White House Task Force has also studied the need for a special retirement feature applicable to overseas personnel. It has been learned informally and confidentially that the White House Task Force has reviewed the bill proposed by Civil Service Commission and has already commented to the Bureau of the Budget with respect to the omission of a section concerning overseas citizen personnel and foreign nationals. The Task Force advocates a retirement provision for U.S. citizen employees overseas which would permit a 2% increase in annuity for each year of overseas service performed by an employee who serves a minimum of 10 years overseas. The Task Force also believes that arrangements should be effected for the coverage of foreign nationals. Since there is a good prospect that these recommendations will be advocated for the Federal service generally, it would appear desirable to await the outcome of action on the proposals before concluding that special CIA legislation is required. Although the proposals of the Task Force do not cover the specific aspects of the Agency's concept of liberalized retirement, they have a similar objective and have considerable merit. The Task Force goes beyond the CIA proposal by its advocacy of an arrangement for the retirement coverage of aliens.

3. Security Problems Involved in Bill Proposed by Civil Service Commission

- a. The proposed coverage of Federal employees under both the Social Security and Civil Service retirement system potentially poses a problem of Agency compliance.

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b. The expansion in 1954 of the Social Security law to include employees hired by contract instrument presented the Agency with significant security and operational problems, inasmuch as the administration of the program necessitates the external reporting of individual names and organizational affiliations. As a consequence, the Agency negotiated a special arrangement with officials of the Social Security Administration and the Internal Revenue Service which permits the internal maintenance of records of employees until their separation [redacted], Section I, Social Security). Although this special procedure meets essential security requirements for the personnel currently involved, it would probably have shortcomings if expanded to cover all Agency personnel, rather than a relatively small number.

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- (1) Individual records must be forwarded following the separation of the employees concerned to the Social Security Administration, in the name of CIA or a fictitious employer. For security and administrative reasons, lag periods will frequently result between the date of an employee's separation and the submission of his records; meanwhile, if the individual goes into employment covered by Social Security (usually the case), he will be confronted with the need for a Social Security number, if he does not already have one. This circumstance will present a problem since the Agency's agreement with Social Security provides that such an employee will not seek a number while in CIA employment but will execute an application to be held by the Agency until it forwards his records. Also, lag times would present a hardship and possible security problems in the event of the death of an employee and the survivor was entitled to a pension payment or burial allowance.
- (2) The special Agency procedure requires that employees refrain from direct contact with Social Security offices; otherwise security may be impaired. Increasing the volume of Agency personnel under Social Security would increase the scope of this problem.
- (3) If all Agency personnel were covered by Social Security, the security problems involved in the subsequent blending of the records of separated employees in the Social Security system would be increased in volume.
- (4) Moreover, it is questionable if the Social Security Administration would consent to the use of the special Agency procedure for the total volume of staff personnel, at least without further intensive consideration. (The Agency's special arrangement, in effect, amounts to a special delegation to CIA of the authorities and responsibilities of the Social Security Administration.

c. It appears desirable to seek a legislative basis for this special arrangement, in the event the proposed bill passes Congress.

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SECTIONAL ANALYSIS OF THE PRINCIPAL CHANGES TO RETIREMENT ACT
THAT ARE PROPOSED BY CSC BILL AND WHICH ARE OF CONCERN TO CIA

SECTION	PROPOSAL	COMMENT
TITLE I Section 2 (Coverage)	<p>a. Three years continuous civilian service would be required before coverage could be gained under Civil Service retirement (beginning 1 January 1956). [See Sections 30 and 31, Title II and Section 40, Title III, pages 7-8]</p> <p>b. Employees under Retirement Act on 31 December 1955 would retain coverage unless separated 30 days.</p>	<p>a. Except for employees performing service excluded from Retirement Act (e.g. contract employees, etc.), civilian employees are currently covered automatically upon appointment. Enactment of proposal would require all newly appointed staff personnel to be under Social Security for first three years.</p> <p>b. Savings clause would permit retention of Civil Service retirement coverage by staff personnel on duty 31 December 1955; however, staff personnel with less than 3 years continuous service who were re-employed after 30 days separation would lose such coverage, until they completed 3 years continuous service. Separations of less than 30 days would not break continuity of service.</p>
Section 4 (Deductions and Deposits)	<p>a. Deductions would consist of: 3 1/2% of first \$4200 6% of remainder</p> <p>b. On all deposits and redeposits, interest would be charged during periods of separation.</p>	<p>a. Current rate of retirement deductions is 6%. The combined payroll deductions for Civil Service retirement and Social Security would be 5 1/2% on the first \$4200, of an employee's salary. (Until 1960, the employee's share of Social Security taxes is 2%.)</p> <p>b. Currently, a deposit must be made into Retirement Fund by an employee to have creditable service, not covered by</p>

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SECTION	PROPOSAL CIA INTERNAL USE ONLY	COMMENT
	Approved For Release 2003/04/17 : CIA-RDP80-01826R000700070003-9	
		deductions, fully counted without a reduction in annuity, and a redeposit must be made covering all periods covered by a refund in order to have the service credited. Interest is now charged for only those periods in which an employee was in the Federal service subsequent to the periods of creditable service covered by deposits or redeposits. The charge could amount to a substantial payment in individual cases if interest were charged for all periods of separation and his period of separation consisted of several years.
Section 5 (Mandatory Separation)	An employee would be separated at age 70 regardless of years of service.	The Retirement Act now requires mandatory separation at age 70 only if the employee has 15 years of service. (The bill still retains, however, the basic requirement that an employee must have at least 5 years civilian service to obtain an annuity.)
Section 6 (Immediate Retirement)	Employees engaged in criminal investigation would be retired at age 50 with 20 years service <u>only if Federal agency certifies retirement is in public interest.</u>	Currently, a Federal agency must recommend retirement but certification "in public interest" is not required. Proposed change would tighten criteria for such accelerated retirement and would require as the justification for an employee's retirement that it is in the interest of the Government, rather than the individual.
Section 7 (Disability Retirement)	Disability applications could be filed up to one year after separation.	Currently, applications must be filed, with certain exceptions, within six months after separation.

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SECTION	PROPOSAL Approved For Release 2003/04/17 : CIA-RDP80-01826R000700070003-9	COMMENT
<p>Section 9 (Computation Employee Annuity)</p>	<p>a. Any employee who retires for disability or who retires with right to immediate annuity would be eligible to elect a survivor benefit for spouse, by taking a reduction in his own annuity.</p> <p>b. Any unmarried employee who retires in good health with right to immediate annuity would be eligible to elect survivor benefit for a named person, by taking a reduction in his own annuity.</p> <p>c. A minimum annuity benefit would be guaranteed to employees retiring for disability with 10 years service amounting to the smaller of (1) 40% of average salary (used in computation of annuity i.e. 5 highest years) or (2) the sum obtained after increasing employee's total service by period between separation and 60th birthday.</p> <p>d. If employee gains Social Security benefits as result of becoming fully insured solely because of Federal service, his retirement annuity would be decreased at age 65 in the following manner. The years of creditable service would be multiplied by the sum of:</p> <p>(1) <u>If average salary under \$3200</u> 2% of first \$800 1% of next \$800 1/2 of 1% of remainder</p>	<p>a. Whereas the law currently limits election of such a benefit to those retirees who have at least 15 years service, the proposal would enable employees who retire at age 62 with 5 years service or who retire for disability after 5 years service to elect a survivor benefit for the spouse. No change in the formula for reduction of an employee's annuity is provided. The proposal is a significant liberalization in eligibility requirements for election of survivor benefits.</p> <p>b. This proposal would permit an employee entitled to immediate annuity to elect such a benefit if he has 5 or more years of creditable service but less than 15 years. The law now requires the 15 years service prerequisite. (Note: This option is unavailable to employees having a spouse or to employees retiring for a disability.</p> <p>c. The minimum payment to disability retirees (with 10 years service) is a new proposal. 10 years is construed to be evidence of the employee's desire for a Federal career, and the minimum payment seeks to mitigate the effects of a disability interrupting such a career.</p> <p>d. The proposed reduction at age 65 is in consonance with the fact that the retiree would receive a Social Security payment at age 65. Note that the decrease would not occur unless the Social Security pension is earned <u>solely</u> because of Federal employment.</p>

CIA INTERNAL USE ONLY

SECTION	PROPOSAL	COMMENT
Section 10 (Survivor Annuities)	<p>Approved For Release 2003/04/17 : CIA-RDP80-01826R000700070003-9</p> <p>(2) <u>If average salary \$3200 or over</u> 1% of amount of salary up to \$5000 1% of remainder (Note: total annuity not to exceed 50% of average salary)</p>	
	<p>a. Survivor benefits payable to spouse as result of election by <u>retiree</u> would begin immediately upon death of retiree and would not be terminated because of remarriage of survivor unless the remarriage occurred prior to age 55.</p> <p>b. The decrease in a retiree's annuity at age 65, due to Social Security coverage solely as the result of Federal service (see Section 9 above) would also be reflected in a survivor benefit paid as the result of election by the retiree.</p> <p>c. The following changes would be effected in the sections of the Retirement Act which provide (under specified conditions) for a survivor benefit to the spouse of an <u>employee</u> who dies in the Federal service or to the spouse of a <u>retiree</u> who does not elect a survivor benefit:</p> <p>(1) No survivor benefit would be paid to the widow of a <u>retiree</u> under age 50 with a child also eligible to receive benefits (under age 18)</p>	<p>a. Currently, survivor benefit elected by retiree does not commence until the survivor is age 50 and terminates upon remarriage at any time.</p> <p>(1) The law provides that a widow of a retiree who meets the requirements of law, including the survival of a child under age 18, may receive a survivor benefit, even though the retiree did not elect such a benefit. The benefit is only payable until the widow is age 50. The proposal would eliminate this arrangement, since the bill proposes that the retiree can elect, if he desires, a survivor benefit which is effective immediately.</p>

SECTION

PROPOSAL

COMMENT

Approved For Release 2003/04/17 : CIA-RDP80-01826R000700070003-9

CIA INTERNAL USE ONLY

- (2) The following changes would be effected in the provisions governing the payment of a survivor benefit to the spouse of an employee who dies in the Federal service:

- (a) minimum service of employee - 10 years
- (b) survivor benefits extended to dependent widower
- (c) survivor benefits terminate upon remarriage only if remarriage occurs prior to survivor becoming age 55
- (d) survivor benefits payable immediately upon death of employee.
- (e) when survivor reaches age 65, benefits would be reduced to 50% of employee's annuity as recomputed at age 65 if employee was fully insured under Social Security at time of death, solely because of Federal service.

- d. Children survivor benefits would be paid under Social Security Act, not the Retirement Act.

(Note: heretofore, a survivor benefit, by election of the retiree, did not commence until the survivor reached age 50.)

- (2) The following provisions in the current law are less liberal except the service requirement; however, survivor benefits under Social Security are guaranteed if the employee has 5 years service (See section 18, Title I, page 7).
- (a) through (e) below are keyed to (a) through (e) in the second column
 - (a) minimum service of employee - 5 years
 - (b) survivor benefits limited to widow
 - (c) survivor benefits terminate upon remarriage of widow at any time
 - (d) survivor benefits payable when widow becomes age 50
 - (e) no comparable provision in Retirement Act.

- d. Under the Retirement Act, the following benefits are now paid to surviving children of a retiree or an employee who dies in the Federal service with 5 or more years service, provided a widower does not survive the employee:

- (1) The benefit of each surviving child if widow and children survive is the least of the following sums:
- (a) 25% of the individual's annuity
 - (b) \$900 + by number of children, or
 - (c) \$360

CIA INTERNAL USE ONLY

SECTION

PROPOSAL

CIA INTERNAL USE ONLY

COMMENT

Approved For Release 2003/04/17 : CIA-RDP80-01826R000700070003-9

(2) The benefit of each surviving child if no widow survives is the least of the following sums:

- (a) 50% of the individual's annuity
- (b) \$1200 + by number of children; or
- (c) \$480

The annuity ceases when the child dies, marries or becomes age 18, and benefits are recomputed if the widow or any one or more children among those eligible ceases to be eligible for benefits.

Section 11
(Lump-Sum
Benefits)

Employee would be permitted to obtain refund of retirement deductions plus interest regardless of length of service.

Currently, an employee with 20 or more years of service cannot obtain a refund unless the employee transfers without a break in service to a position not covered by the Retirement Act, in which event he is entitled only to a refund (regardless of length of service).

Section 13
(Reemployment
of Annuitants)

- a. The bill would provide that reemployed annuitants may be hired to serve at the will of the employing agency.

a. Currently, reemployed annuitants, age 60 and over must have special qualifications, as determined by employing agency. The proposal would eliminate this requirement and appears to permit reemployment of employees mandatorily retired.

- b. Reemployed annuitants past age 60 who serve full-time 1 year or more would receive supplemental annuity based on period of reemployment and salary received (Original annuity would not be recomputed). No retirement deductions would be withheld, and the retiree's salary would be reduced by the amount of the annuity. Supplemental annuity payments would not be reflected in survivor payments.

- b. The present law provides that reemployed retirees under age 60 will have their annuities suspended and retirement deductions resumed. Reemployed annuitants age 60 and over (1) receive their annuity (2) have their compensation reduced by a commensurate amount and (3) are not subject to deductions. The proposal would continue to prevent dual receipt of salary and annuity but would permit reemployment of retirees under conditions of (1) no retirement deductions and (2) ad-

CIA INTERNAL USE ONLY

SECTION	PROPOSAL	CIA INTERNAL USE ONLY	COMMENT
	Approved For Release 2003/04/17 : CIA-RDP80-01826R000700070003-9		
			tion of additional annuity. Moreover, the bill provides that annuity payments received during reemployment would not reduce the money in the individual's Retirement Account. The proposed arrangements would facilitate the reemployment of individuals who have retired.
Section 18 (Savings Clause on Amount of Annuity)	The amount of combined benefits, i.e. retirement annuity and Social Security payments, for an individual in continuous service from 31 December 1955 to time of retirement would be at least equal to annuity he would receive if combination of Civil Service retirement and Social Security had not been effected.		
TITLE II Sections 30 and 31 (Extension of Coverage)	Federal service subject to Civil Service retirement would also be covered under Social Security, beginning 1 January 1956.		This proposal in effect places Government employees under both Social Security and retirement. Those employees to be covered by the Retirement Act after acquiring 3 years continuous service would be initially under Social Security and after the conclusion of the 3 year period would be under both systems.
Section 32 (Social Security Status of Survivors)	If an employee dies after 5 years service but with less than 10 years, he would be deemed fully insured for the purpose of Social Security payments to survivors.		The proposal is made to ensure a survivor benefit when an employee dies before he gains 10 years service, as would be required for a survivor annuity, pursuant to Section 10, Title I (See Section 10c(2) above, page 5).

SECTION	PROPOSAL	COMMENT
TITLE III Section 40 (Amendment of Internal Revenue Code)	The code would be amended to permit assessment of Social Security taxes on employees covered by Civil Service retirement.	
TITLE IV Section 50 (Effective Date)	The bill would become effective 1 January 1956.	

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AGENCY PROPOSAL FOR LIBERALIZED CIVIL SERVICE RETIREMENT

(Digest of Proposal Recommended by CIA Career Service Board)

1. Proposal

- a. Legislation should be enacted which would permit Agency Personnel who serve overseas to receive credit toward retirement on a full annuity at an earlier age than is provided for under the Civil Service Retirement Act, as amended.
- b. Within the general framework of the Act, personnel serving overseas should receive extra service credits as follows:
 - (1) An individual's age requirement for voluntary retirement would be reduced six months for each year of overseas service, and the age requirement would be reduced an additional two months for each year of such service at an unhealthful post.
 - (2) In computing years of creditable service for retirement purposes, an employee would receive a credit of one and one-half years for each year of overseas service and an additional credit of one-half year for each year of service at an unhealthful post.

2. Justification

- a. The CIA has instituted a professional career service which involves a requirement for serving where and when needed in the best interests of the Agency. Many overseas employees are frequently exposed to conditions differing markedly from those generally typical of Federal employment. They are required to serve under various cover restrictions, having an abnormal effect on living habits, and are likely targets of forces inimical to the U. S. This ever present hazard is intensified in time of war or localized civil disturbance. Moreover, certain personnel must serve at unhealthful posts in the course of their Agency careers.
- b. The overseas activities of many CIA employees require unusual combinations of mental, physical and psychological characteristics which diminish in proportion to advancement in age. The problem is especially evident among employees who are engaged in such activities for extended periods. In order to provide for an infusion of younger personnel in the organization, accelerated retirement credits should be authorized to permit retirement of overseas personnel at an earlier age than is authorized by the Retirement Act.

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- c. Retirement on a full annuity is considered equitable since many retirees will suffer financial hardships in converting to other employment, due to their specialized activities and the security limitations imposed upon their disclosure of information concerning such work.
- d. The request for legislation is consistent with precedents established by Congress in authorizing liberalized retirement for groups with similar requirements, for example, Foreign Service personnel and employees engaged in the investigation and apprehension of criminals. In this regard, the Agency's proposals for retirement are more liberal than that authorized by the Retirement Act but less liberal than the retirement plans of the Foreign Service and military services. Retirement at a very early age would almost certainly be excluded since Agency personnel serve only a portion of their time overseas and accelerated credit would be granted only for such periods.

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